



*Your Northwest renewable utility invites you to be a Conservation Sensation.*

January 1, 2010

Mr. Chuck Murray  
925 Plum Street SE, Bldg. 4.  
PO Box 43173  
Olympia, WA 98504-3173

Dear Mr. Murray,

In compliance with Initiative-937, the Energy Independence Act (Chapter 19.285 RCW), and the requirements of WAC 194-37-070, Snohomish Public Utility District No. 1 has assessed its ten-year conservation potential and established biennial conservation targets for 2010-2011. The conservation potential and targets are based on the assessment conducted for the development of the District's 2008 Integrated Resource Plan (IRP). The IRP is available at <http://www.snopud.com/PowerSupply/irp.ashx?p=1161>. This document will be updated in the next year, 2010.

In addition to the public process that was conducted for the adoption of the District's 2008 IRP, the 10-year conservation potential and 2010-2011 Energy Conservation targets were described, explained and reviewed in a noticed public meeting by the Snohomish County PUD Board of Commissioners on November 17, 2009. The 10-year conservation potential and 2010-2011 conservation targets were subsequently described, explained and reviewed at a noticed public meeting of the Board of Commissioners on December 1, 2009. The published agenda for the December 1, 2009 meeting indicated that the meeting would include the establishment of the utility's ten year conservation potential and its biennial targets. After an opportunity for public comment, the 10-year potential and 2010-2011 targets were then adopted by the Board in Resolution No. 5467, on December 1, 2009. Copies of the resolution and the agenda are attached.

### **Potential and Targets**

Table 1 lists the annual maximum achievable conservation potential determined by the District for the 10-year period beginning in 2010.

This conservation potential was developed consistent with the methods used by the Northwest Planning and Conservation Council, pursuant to Option (6) in WAC 194-37-070, and includes the procedures identified in Subsections (i) through (xv) of WAC 194-37-070(6)(a). The analytical framework for determining conservation potential for the District is described in the IRP. The technical potential was assessed considering a broad range of energy efficient technologies. The economic potential was determined based on all conservation measures that pass the total resource cost test, by having a benefit/cost ratio using the avoided costs determined in the IRP and including a ten percent bonus for conservation measures as defined in 16 U.S.C. § 839a of the Pacific Northwest Electric Power Planning and Conservation Act. Achievable potential was calculated using the Council's assumptions for discretionary and lost-opportunity resources. Discretionary resources are assumed to be acquired at an even rate, while the ability to capture lost-

Table 1. Snohomish PUD  
Conservation Potential and  
Biennial Savings Targets

Year	Achievable Savings (Site Savings - aMW)
<b>2010</b>	<b>6.65</b>
<b>2011</b>	<b>6.75</b>
2012	6.84
2013	6.93
2014	7.03
2015	7.03
2016	7.12
2017	7.12
2018	7.22
2019	7.22
<b>Total</b>	<b>69.9</b>

opportunities (resources that are only available when a building is being constructed or as equipment is replaced at the end of its useful life) increases as the program delivery and market infrastructure grows.

The conservation potential is 18% higher than the potential calculated using the Council's Utility Conservation Target calculator and the biennial targets (2010-2011) determined using the Utility Analysis option are 8% higher. WAC 194-37-070(4)(b) states that "a utility that publishes a ten-year potential and biennial target with the customer sector portion of its biennial target equal to or higher than its target calculated using the conservation calculator has effectively documented its biennial target setting requirement for customer conservation."

The conservation potential is fairly evenly divided between the residential and commercial/industrial sectors. The conservation potential and biennial targets are stated in average megawatts (aMW) and measured at the customer site. Savings are adjusted for transmission and distribution (T&D) losses for reporting to the Bonneville Power Administration or to the Council on regional progress. Projected conservation resources included in the long-term resource plan include T&D losses as does the potential derived from the Council's target calculator.

The District has been actively engaged in energy efficiency for over two decades. Since 1980, the District's programs have cumulatively acquired about 100 aMW (approximately 876 GWh).<sup>1</sup> The District offers educational services, rebates, customer incentives and technical assistance to residential, commercial and industrial customers. To date, the District has assisted customers in purchasing nearly 3.5 million CFLs, recycled over 20,000 old, inefficient freezers and refrigerators, and worked with hundreds of business customers to improve the efficiency of their facilities and processes. Energy efficiency is the District's preferred resource for meeting growing loads. The District plans to pursue all energy efficiency measures that are both cost-effective and achievable. Energy efficiency programs are anticipated to reduce loads by an additional nearly 70 aMW by the year 2019 and 77 aMW by 2020. The District expects to meet this target by augmenting its current program portfolio with new technologies, new program designs and enhanced marketing methods as they become developed and available. Energy efficiency is projected to meet nearly half of the projected load growth in the County, with the remainder met with renewable resources.

### Current Program Portfolio

The District has robust portfolio of conservation programs to meet the biennial savings targets. These programs are designed to provide all customers an opportunity to participate. They touch all end-uses, promote a wide range of measures, and employ a

<sup>1</sup> Accounts for degradation of savings as measures installed reach the end of life.

broad range of programmatic approaches. Some of the programs build on long-term successes and some utilize more innovative practices.

Programs currently available to District customers include incentives and technical assistance to encourage home weatherization, adoption of high-efficiency heating and lighting technologies, and efficiency improvements in commercial buildings and industrial production processes.

Residential customers can obtain loans, upfront cash incentives or rebates for weatherization (new floor, wall ceiling and duct insulation, high-efficiency heat pumps, and insulated windows); rebates for efficient appliances (clothes washers, dishwashers and refrigerators); coupons for compact fluorescent lighting; and cash incentives for eliminating inefficient second refrigerators or freezers. The District also offers a program for residential builders to encourage the inclusion of ENERGY STAR® appliances (clothes washers, refrigerators and dishwashers, and efficient lighting) in newly built homes. Table 2 provides a listing of the District's programs for residential customers.

**Table 2: Residential Programs**

Lighting	Distributor/Retailer Buy-Downs
	Change a Light
	Energy Star Fixtures
Appliances	Refrigerators
	Dishwashers
	Clothes Washers - WashWise
	Refrigerator/Freezer Recycling
New Construction	Multi-Family
	Single Family
Showerheads (Energy Efficiency Kit Distribution)	
Weatherization and Heat Pumps	Conservation Loans
	Single Family Retrofit Rebates
	Multi-Family Retrofit Rebates
	Multi-Family Direct Install
Emerging Technologies	Ductless Heat Pump
	EPRI - Heat Pump Water Heaters Demo
Low Income	Matchmaker
	Low Income Housing Improvement Program

Commercial and industrial customers are offered technical assistance, incentives and rebates for lighting controls and fixtures, heating, ventilating, and air conditioning equipment, compressed air systems, motors, pumps and fans, refrigeration, heat recovery systems, and controls and variable frequency drives. District staff works to identify and promote custom efficiency solutions for large commercial and industrial customers. In addition, the District introduced standard rebates for a number of energy-efficient technologies such as lighting and commercial cooking equipment. The standard rebates make it easier for small to medium sized businesses to pursue efficiency improvements. The District offers incentives for new construction projects that significantly exceed the current WA energy code. Commercial and industrial programs are listed below.

**Table 3: Commercial and Industrial Programs**

Commercial Custom Incentives	Existing Building Retrofits
	New Construction
	Tuning, Operations & Maintenance
Prescriptive Rebates	Lighting
	Commercial Kitchens
	Energy Smart Grocer
	PC Network Management
Industrial Process Efficiency Improvements	
Resource Conservation Manager	

Other energy efficiency programs include online power monitoring and energy use analysis tools, weatherization and energy efficiency improvements for low-income consumers and in multi-family housing. The District has also made significant improvements in distribution efficiency and is pursuing efficiency opportunities within its own building facilities. Customers can easily access information about the programs offered through the Energy Hotline and via the District's website. The District encourages participation in its programs through its successful and award winning "Conservation Sensation" marketing campaigns and recently launched an effort to encourage customers to take the "Energy Challenge," pledging to reduce energy use by 10%.

The District is actively involved in regional conservation and efficiency efforts, working with the Northwest Power and Conservation Council, the Northwest Energy Efficiency Alliance (NEEA), Bonneville Power Administration, the Consortium for Energy Efficiency, and the Electric Power Research Institute ("EPRI") and other groups dedicated to maximizing the efficiency of energy use in the region. Coordination between the market transformation efforts of NEEA and the programs offered by the District are key to capturing all the identified conservation potential. Further, the District supports the State's development of strong energy codes. Code and standard adoption at the State and federal level are methods that the District plans to support as additional ways to acquire cost-effective energy savings.

The District recently was awarded a grant of America Recovery and Reinvestment Act (ARRA) funds from Washington State University to conduct a Community Energy Efficiency Pilot (CEEP). The CEEP will test methods to gain high levels of participation with customers that have typically been hard to reach (i.e., low to moderate income customers and small businesses, and particularly targeting multi-family rental and leased property). The pilot will work closely with Snohomish County and the City of Everett, local government agencies who will support and expand the utility's community outreach efforts.

As of 2009, the District launched a program that provides incentives to customers for solar photovoltaics and thermal hot water systems. As part of the assessment for customer renewables, opportunities for energy efficiency at the customer site are explored and customers are encouraged to pursue all energy efficiency in conjunction with installing on-site renewables. While this program does not deliver energy efficiency savings, from the customer perspective, it complements the PUD's conservation efforts. The District separately tracks reductions in energy use due to customer on-site renewables.

## **Organizational Infrastructure**

The Energy Efficiency and Business Services staffs receive strong support in budget and resources from the Board of Commissioners, Senior Management and from Departments throughout the District. The District has budgeted \$20.4 million for energy efficiency and customer renewable programs in 2010. The District has increased staff to meet its increasingly aggressive targets. The Energy Efficiency department consists of 35 staff including program managers, analysts, engineers, and administrators. Further, the District has a Business Services organization (with 10 staff members) that provides account management for the District's largest commercial and industrial customers. A primary objective of Business Services is to encourage and facilitate participation in Energy Efficiency programs and align those efforts with other services the District provides.

## **Tracking and Reporting**

The District tracks participation, savings and incentives by program and reports savings progress on a monthly basis. This allows monitoring of progress toward individual program goals and toward our overall target. As needed, adjustments in program funding, staffing or marketing are made to ensure successful acquisition of conservation savings. Biannual reports are submitted to BPA and annual reports are submitted to the Council to track the District's contribution toward meeting regional energy efficiency targets. The reporting practices and capabilities of the District will meet or exceed the reporting needs for I-937.

The targets established in the District's IRP represent aggressive goals for the utility. The District anticipates it will be in full compliance with the requirements of I-937.

Sincerely,

R. Craig Smith  
Assistant General Manager  
Customer and Corporate Services

